

Bulletin

NUMBER: 2007-1

TO: All Freddie Mac Sellers and Servicers

February 23, 2007

SUBJECTS

Both Selling and Servicing requirements are amended in this *Single-Family Seller/Servicer Guide* (Guide) Bulletin.

With this Bulletin, we are making the following changes to our **selling requirements**:

- Updating Guide text to reflect the [requirements for the new Mortgages for Newly Constructed Homes](#) offering announced in the November 20, 2006 Bulletin and updating those requirements to provide the new Special Characteristics Code (SCC) D69 for Renovation Mortgages
- Providing instructions and [requirements for Master Form and Short Form Security Instruments](#)
- Making minor changes regarding [Condominium Project eligibility requirements](#)
- Revising instructions to require Seller/Servicers to use only [Department of Housing and Urban Development \(HUD\) Mortgagee number 92304-0999-4](#) when filing a Mortgage Record Change to report the sale of a Federal Housing Administration (FHA) Mortgage, eliminating regional Freddie Mac HUD Mortgagee numbers
- Updating the Guide Glossary to reflect that the [Freddie Mac Exclusionary List](#) may now be accessed via Loan Prospector[®] and the Freddie Mac Selling System (Selling System), in addition to MIDANET[®] and GoldWorks[®]

We are making the following changes to our **Servicing requirements**:

- Introducing an [additional option for submitting Form 104DC, Designated Counsel/Trustee](#), via a new online process
- [Revising Form 105, Multipurpose Loan Servicing Transmittal](#)
- Updating the Guide to reflect the [retirement of the Alternative Balloon Loan Modification Program](#)
- Renaming and enhancing the [Loan Modification Worksheet Transmittal](#)
- Updating Form 479A, Single-Family Servicing Agent Certification, and Form 960, Agreement for Concurrent Transfer of Servicing of Single-Family Mortgages, to allow [facsimile transmission](#)
- Updating the Guide to require that when [filing a claim on an FHA/Veterans Affairs \(VA\) Mortgage](#), Servicers must submit the claim to the FHA or VA to ensure that claim proceeds are paid directly to the Servicer instead of Freddie Mac

EFFECTIVE DATES

All of these changes are effective immediately except:

■ **March 1, 2007**

- ❑ Seller/Servicers must use only HUD Mortgagee number 92304-0999-4 when filing a Mortgage Record Change to report the sale of an FHA Mortgage to Freddie Mac beginning on this date.
- ❑ Seller/Servicers must file claims on an FHA/VA Mortgage to ensure that the claims proceeds are paid directly to the Servicer beginning on this date.

■ **May 1, 2007**

- ❑ Freddie Mac will retire our previous requirements for construction to permanent Mortgages, Mortgaged Premises completed after loan application is taken, and interim construction financing for Manufactured Homes on this date. We will continue to purchase Mortgages that are originated prior to May 1, 2007 and documented in accordance with our previous Guide requirements until further notice.
- ❑ Loan Prospector will no longer assess one closing and two closing construction to permanent Mortgages after this date.

- **July 1, 2007**—Sellers selling Renovation Mortgages to Freddie Mac on or after this date must insert SCC D69 in addition to SCC D51 on the Form 11, Mortgage Submission Schedule, or Form 13SF, Mortgage Submission Voucher, as applicable.

REVISIONS TO THE *SINGLE-FAMILY SELLER/SERVICER GUIDE*

The revisions include:

- [Chapters 5, 6, 17, J33, K33, 35, 36, 42, 65, B65, 67, 70, 71, 78](#) and [83](#)
- [Exhibits 4](#) and [19](#)
- [Forms 11, 13SF, 105, 479A](#) and [960](#)
- [Glossary](#)
- [Directories 3](#) and [5](#)

Changes to the Guide removing previous requirements relating to construction to permanent Mortgages, Mortgaged Premises completed after loan application is taken, and interim construction financing for Manufactured Homes will be included in a subsequent Bulletin.

CONCLUSION

The changes included in this Bulletin support our commitment to making the mortgage finance process simpler and more efficient for you, our Seller/Serviceicers. If you have any questions about the changes announced in this Bulletin, please contact your Freddie Mac representative or call (800) FREDDIE.

Sincerely,



Patricia J. McClung
Vice President
Offerings Development

Selling Changes

Mortgages for Newly Constructed Homes

In the [November 20, 2006 Guide Bulletin](#), we introduced our Mortgages for Newly Constructed Homes offering, which provides more flexibility when originating Newly Built Home Mortgages, Construction Conversion Mortgages and Renovation Mortgages. To make it more convenient for Sellers to reference these provisions, we are adding these Guide provisions, including Chapter K33 and related sections announced in the November 20, 2006 Bulletin, into the text of the Guide.

Effective May 1, 2007, we will retire our previous Guide requirements for construction to permanent Mortgages, Mortgaged Premises completed after loan application is taken, and interim construction financing for Manufactured Homes. Because Mortgages originated prior to May 1, 2007 under our prior offerings are not sold to Freddie Mac until completion of construction, Sellers may continue to deliver Mortgages that are originated prior to May 1, 2007 and documented in accordance with our previous Guide requirements until further notice, provided the Mortgages are delivered in accordance with the instructions in [Sections 17.38](#) and [17.39](#). Sellers may not sell Mortgages originated under our prior underwriting and documentation requirements under our new offering unless these Mortgages meet the requirements of the new offering.

Also effective May 1, 2007, Loan Prospector will no longer assess one closing and two closing construction to permanent Mortgages.

Please also note that, although unavailable prior to the release of the November 20, 2006 Bulletin, **SCC D69 is now available for the delivery of Renovation Mortgages**. While Sellers may begin delivering this SCC for Renovation Mortgages immediately, Sellers will not be required to deliver this SCC until July 1, 2007. Sellers are reminded that in addition to delivering this new SCC they must comply with all of the delivery requirements for Renovation Mortgages set forth in Guide Section 17.38.1, including the requirement for delivery of SCC D51 for Construction Conversion/Renovation Mortgages – site-built.

As a reminder, new [Chapter K33](#), and new [Sections 17.38.1](#) and [36.1.1](#) have been added to the Guide. In addition, [Exhibit 4, Single-Family Uniform Instruments](#); [Exhibit 19, Postsettlement Delivery Fees](#); [Forms 11](#) and [13SF](#); and the [Glossary](#) are being updated to reflect the new offering.

Allowing Master Form and Short Form Security Instruments; other Uniform Instrument changes

To allow Sellers to take advantage of State statutes permitting the recordation of a master mortgage or deed of trust form, we will now purchase Mortgages originated using Master Form and Short Form Security Instruments. Currently, about 20 States permit lenders to record a Master Form Security Instrument in the county recorder's office and then use a Short Form Security Instrument that incorporates by reference the provisions of the Master Form with individual Mortgages. Freddie Mac has been working with Fannie Mae to develop Master Form Security Instruments and Short Form Security Instruments for States that permit this documentation.

We have added new Guide [Section 6.10.1](#) to include instructions and requirements for the use of Master Form and Short Form Security Instruments. The State-specific forms are not available at this time; they will be posted on FreddieMac.com and added to Exhibit 4 as they become available.

In addition, Freddie Mac is correcting our Multistate Adjustable-Rate Note Form 5548 to state, as reflected in the title of the instrument, that the current index (and lookback period) is the most recent Index value available as of the first business day of the month immediately preceding the month in which the Change Date occurs. [Exhibit 4](#) is also being updated to reflect this revision.

Condominium Project eligibility requirements

To provide further direction regarding eligibility requirements for Condominium Projects, we have made minor changes to Chapter 42. These changes include updating the Guide to specify that a project in dispute (i.e., an ineligible condominium project) includes any project involved in any type of dispute resolution process, including litigation, arbitration and mediation.

In addition, we are updating Class II Condominium Project eligibility requirements related to project ownership.

[Sections 42.3](#) and [42.7.1](#) have been updated to reflect these changes.

FHA Mortgages – Mortgage Record Change

Currently, the Guide requires Sellers to report the sale of an FHA Mortgage to Freddie Mac using one of several Freddie Mac-assigned HUD mortgagee numbers based on the region where the Mortgaged Premises is located. The change to a single HUD mortgagee number eliminates the need for Seller/Servicers to verify the region in which the Mortgaged Premises is located when reporting the HUD mortgagee number for Freddie Mac-owned Mortgages.

[Section 35.5](#) has been updated to reflect this change.

Additional Access to Freddie Mac Exclusionary List

In November 2006, we updated the Selling System to provide access to the Freddie Mac Exclusionary List. We are now updating the Guide [Glossary](#) definition for the “Freddie Mac Exclusionary List” to include its availability both via the Selling System and through Loan Prospector.

Servicing Changes

New Option for submitting Form 104DC, Designated Counsel/Trustee, online

Servicers may now access the Form 104DC, Designated Counsel/Trustee, online via Gold Connection for Servicing on GoldWorks. This new online option for Form 104DC submission will enable Servicers to track their reimbursement requests for designated counsel fees and costs via Expense Manager.

Once a designated counsel or trustee has generated a Form 104DC online, it will be ready for your submission to Freddie Mac through the Freddie Mac Online 104 System via Gold Works.

A downloadable user's guide will be available from an online interface to assist you with this new process.

[Chapter 71](#) has been updated to reflect this new option.

Revisions to Form 105, Multipurpose Loan Servicing Transmittal

We have revised [Form 105, Multipurpose Loan Servicing Transmittal](#), to include a new section for Servicers to report the required data to Freddie Mac on rate reductions for Affordable Merit Rate[®] Mortgages.

In addition, the Borrower social security number field has been removed. This data is no longer required when submitting this form to Freddie Mac. Removing this data element helps to safeguard confidential Borrower information.

Alternative Balloon Loan Modification Program

The Alternative Balloon Loan Modification Program is being retired due to lack of use. As detailed in Guide Sections 83.106 through 83.110, Servicers may recommend any of the workout options provided for in [Chapter B65](#) for Borrowers with Balloon/Reset Mortgages that have matured or are ready to mature and who are at high risk for default.

[Chapters 65, 67](#) and [83](#) have been updated to reflect this change.

Renaming and enhancing Loan Modification Worksheet Transmittal

The Loan Modification Worksheet Transmittal has been renamed the Loss Mitigation Transmittal Worksheet.

Previously, Servicers had to complete two separate worksheets, one for loan modifications and one for repayment plans. The renamed worksheet incorporates a section specifically for repayment plans and a section for loan modifications.

Facsimile transmission of Servicer Forms

To provide Servicers an easier way to submit forms to Freddie Mac, we are now allowing facsimile transmission of Form 479A, Single-Family Servicing Agent Certification, and Form 960, Agreement for Concurrent Transfer of Servicing of Single-Family Mortgages.

The [Forms 479A](#) and [960](#) have been updated to reflect this change. In addition, relevant contact information has been updated in [Directory 3](#).

FHA/VA claim filing

Currently, the Guide requires Servicers to file claims on FHA/VA Mortgages sold to Freddie Mac to ensure that all claim proceeds are remitted directly to Freddie Mac. Effective March 1, 2007, we are requiring Servicers to file claims on an FHA/VA Mortgage to ensure that the claims proceeds are paid directly to them. Having the claim proceeds paid directly to the Servicer will enable the Servicer to receive claims funds more quickly and eliminate the need to submit a Form 104SF, Statement of Loan, Workout and REO Expense and Income, to Freddie Mac.

As a reminder, all FHA Mortgages and VA Mortgages sold to Freddie Mac must be sold with recourse pursuant to [Section 11.10\(a\)](#) of the Guide.

[Section 70.5](#) has been revised to reflect this change.